

ORDER NO. 1624

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Plus 1C Contracts (MC2012-6)
Negotiated Services Agreements

Docket No. CP2013-43

NOTICE AND ORDER CONCERNING
AN ADDITIONAL GLOBAL PLUS 1C CONTRACT

(Issued January 16, 2013)

I. INTRODUCTION

Notice of filing. On January 14, 2013, the Postal Service filed a notice announcing that it is entering into an additional Global Plus 1C contract (Agreement).¹ The Postal Service seeks to have the Agreement included within the Global Plus 1C product on the grounds of functional equivalence to a previously approved baseline agreement. *Id.* at 2.

¹ Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, January 14, 2013 (Notice). The Notice was filed in accordance with 39 CFR 3015.5. *Id.* at 1.

Product history. The Commission added Global Plus 1C to the competitive product list by operation of Order No. 1151.² It concurrently designated the agreements filed in companion Docket Nos. CP2012-12 and CP2012-13 as the baseline agreements for purposes of establishing the functional equivalency of other agreements proposed for inclusion with the Global Plus 1C product. Order No. 1151 at 7.

The Agreement that is the subject of this filing is the customer's first Global Plus 1 contract with the Postal Service. Notice at 3.

II. CONTENTS OF FILING

The filing includes the Notice, along with the following attachments:

- Attachment 1—a redacted copy of the Agreement;
- Attachment 2—a redacted copy of the certification required under 39 CFR 3015.5(c)(2);
- Attachment 3—a redacted copy of Governors' Decision No. 11-6; and
- Attachment 4—an application for non-public treatment of material filed under seal.

The material filed under seal consists of unredacted copies of the Agreement and supporting financial documents. *Id.* at 2. The Postal Service filed redacted versions of the sealed financial documents in public Excel spreadsheets. *Id.* at 3.

Functional equivalency. The Postal Service asserts that the instant Agreement and the baseline agreements are functionally equivalent because they share similar cost and market characteristics. *Id.* at 4. It notes that the pricing formula and classification established in Governors' Decision No. 08-8 ensure that each Global Plus 1C contract meets the criteria of 39 U.S.C. 3633 and related regulations. *Id.* The Postal Service also indicates that the pricing formula relied on for these Global Plus 1C contracts is included in Governors' Decision No. 11-6. *Id.* The Postal Service further

² Docket Nos. MC2012-6, CP2012-12, and CP2012-13, Order Adding Global Plus 1C to the Competitive Product List and Approving Related Global Plus 1C Agreements, January 19, 2012 (Order No. 1151).

asserts that the functional terms of the instant Agreement are very similar to those of the baseline agreements and that the benefits are comparable. *Id.*

The Postal Service states that prices offered under the instant Agreement and the baseline agreements may differ, depending on volume or postage commitments made by the customers and when an agreement is signed (due to updated costing information). *Id.* at 5. It also identifies other differences in contractual terms, but asserts that the differences do not affect either the fundamental service being offered or the fundamental structure of the Agreement.³

Effective date; term. The scheduled effective date of the Agreement is January 27, 2013, subject to regulatory oversight.⁴ Attachment 1 at 10. The Agreement is expected to be in effect for approximately 1 year. The Agreement terminates either on the day before the date in January 2014 on which any change in Qualifying Mail published rates occurs or, if there is no change in the published rates during January 2014, on January 31, 2014.⁵ Notice at 3-4; Attachment 1 at 10.

III. COMMISSION ACTION

The Commission establishes Docket No. CP2013-43 for consideration of matters raised in the Notice. Interested persons may submit comments on whether the Agreement is consistent with the requirements of 39 CFR 3015.5 and the policies of sections 3632, 3633, and 3642. Comments are due no later than January 24, 2013. The public portions of the Postal Service's filing can be accessed via the Commission's website at <http://www.prc.gov>. Information on how to obtain access to nonpublic material appears at 39 CFR 3007.

³ *Id.* at 7. The list includes, among other things, the non-inclusion of Global Bulk Economy service, the addition and revision of articles, and related renumbering of articles. See *id.* at 5-7.

⁴ The Postal Service is required to file notice of a decision concerning a rate not of general applicability with the Commission not later than 15 days before the effective date of the decision. 39 U.S.C. 3632(b)(3); 39 CFR 3015.5(a). The Postal Service filed notice of the Agreement on January 14, 2013. *Id.* at 1.

⁵ Article 3 of the Agreement outlines the requirements for mail to be considered as Qualifying Mail. *Id.* at 2-3.

The Commission appoints Allison J. Levy to represent the interests of the general public (Public Representative) in this case.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2013-43 for consideration of matters raised in the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, the Commission designates Allison J. Levy to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments are due no later than January 24, 2013.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary